

ARIZONA BOARD OF APPRAISAL
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MINUTES
REGULAR BOARD MEETING
THURSDAY, JULY 16, 2009, 10:00 AM.

Board Members Present at Roll Call: Victor Hartsfield, James Heaslet, Cynthia Henry, Myra Jefferson, Michael Marquess, Debbie Rudd. A quorum was present. Board Members Absent: Les Abrams. Vacant Board Member Positions: Certified General Appraiser; Public.

Also Present at Roll Call: Debb Pearson, Executive Director; Rebecca Loar, Regulatory Compliance Administrator; Amanda Benally, Temporary Regulatory Compliance Administrator; Jeanne Galvin, Assistant Attorney General. Also Present after Roll Call: Christopher Munns, Assistant Attorney General, Solicitor's General Office.

Debbie Rudd acted as Chairperson.

The Board pledged allegiance to the flag of the United States of America.

APPROVAL OF MINUTES

Michael Marquess moved that the Minutes of the June 18, 2009, Regular Board Meeting be approved. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion. Myra Jefferson abstained.

PUBLIC ANNOUNCEMENTS AND CALL TO PUBLIC

None.

COMPLAINT REVIEW

Review and Action Concerning 2421, Michelle T. Caraballo.

Respondent appeared. Michael Marquess moved that the Board terminate the mentorship and probation under the 8/27/08 Consent Agreement and Order. Victor Hartsfield seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2850, Anthony L. Pike.

Respondent appeared. Staff summary was read. Michael Marquess moved that the Board find Level I violations and offer Respondent a nondisciplinary letter of concern citing the violations. Victor Hartsfield seconded the motion. The Board voted 4-2 in favor of the motion. Myra Jefferson and Debbie Rudd voted no.

Review and Action Concerning 2845/2846, Cameron S. Comerford.

Respondent appeared. Staff summaries were read. Debbie Rudd moved that the Board find Level II violations and offer Respondent a due diligence consent letter citing the violations and providing for disciplinary education. Myra Jefferson seconded the motion. The Board voted 5-1 in favor of the motion. James Heaslet voted no.

Review and Action Concerning 2839, Ronald E. Cole.

Respondent appeared. Staff summary was read. Debbie Rudd moved that the Board find Level III violations and offer Respondent a Consent Agreement and Order providing for probation, mentorship and disciplinary education. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board amend the number of months Respondent is given to complete the education. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2842, Mark A. Hagedorn/2843, Deborah A. Nicoletti.

Respondent in 2843 appeared. Staff summary was read. Debbie Rudd moved that the complaints be referred to investigation. James Heaslet seconded the motion. The Board voted 5-1 in favor of the motion. Cynthia Henry voted no.

Informal Hearing Concerning 2764, Raymond L. Ferrier.

Respondent appeared and was represented by Michael Orcutt, Esq. Respondent was sworn in, made statements to the Board and answered the Board's questions. Debbie Rudd moved that the complaint be referred to formal hearing before the Office of Administrative Hearings (OAH). James Heaslet seconded the motion. The Board voted 4-2 in favor of the motion. Cynthia Henry and Michael Marquess voted no.

Informal Hearing Concerning 2647/2776 Tune P. Redmond.

Respondent did not appear. Michael Marquess moved that the Board find Level IV violations and offer Respondent a Consent Agreement and Order citing the violations and providing for probation, mentorship and disciplinary education. Victor Hartsfield seconded the motion. The Board voted unanimously in favor of the motion. The Board noted that 2647 was under 12-month file review.

APPLICATION REVIEW

Review and Action Concerning Certified Residential Appraiser Application #7661, Brian D. Frank.

Applicant did not appear. Debbie Rudd moved that the Board find certified residential appraiser application #7661, Brian D. Frank, substantively complete as to work product. Victor Hartsfield seconded the motion. The Board voted 3-2 in favor of the motion upon the following roll call vote: Victor Hartsfield—yes; James Heaslet—yes; Cynthia Henry—no; Myra Jefferson—no; Michael Marquess—abstain; Debbie Rudd—yes.

COMPLAINT REVIEW

Christopher Munns, Assistant Attorney General, Solicitor's General Office, joined the meeting.

Review and Action Concerning Issues Dealing With Formal Hearing Regarding 2487/2763 (08F-2487-BOA/09F-2763-BOA), Nathan G. Morris.

Respondent appeared. Jeanne Galvin, Assistant Attorney General, represented the State. Christopher Munns, Assistant Attorney General, Solicitor General's Office, advised the Board. The Board, having reviewed the record, heard oral argument on behalf of the parties. Michael Marquess moved that the Board adopt Findings of Fact 1-75 of the Administrative Law Judge, to read as follows:

FINDINGS OF FACT

BACKGROUND AND PROCEDURE

1. On October 31, 2008, the Arizona State Board of Appraisal ("the Board") issued Certified Residential Real Estate Appraiser License No. 22034 to Respondent Nathan G. Morris. Mr. Morris' license is set to expire on October 31, 2010.
2. The Board first licensed Mr. Morris as a licensed residential real estate appraiser in 2005.

Case No. 2487

3. On August 27, 2008, the Board received a complaint from Steven and Darcy Sellers regarding a summary appraisal report that Mr. Morris had prepared of a property that Mr. and Mrs. Sellers owned at 9888 W. Golddust Drive, Queen Creek, Arizona ("the Golddust Drive property"), which report had an effective date of July 30, 2007. Mr. and Mrs. Sellers complained that Mr. Morris had not actually physically inspected the property, but instead had relied upon an inspection performed by Anthony Kwaczynski, and that Mr. Morris made numerous factual inaccuracies in his description of their residence.
4. The Board designated Mr. and Mrs. Sellers' complaint No. 2487 and forwarded a copy of the complaint to Mr. Morris. On October 9, 2008, the Board received Mr. Morris' written response to the complaint, in relevant part as follows:

Anthony Kwaczynski [sic] asked me to ride along with him on this day, due to his trainer Thomas Canale, was not available for a couple of days. He has had over two years of training and experience with Thomas and me.

I was actually in the car still in front of the home. I did not enter the home because I received an important phone call from a client of ours and was distracted. Since Anthony has more than enough hours and is getting ready to take his schooling, I told him to start without me. I watched him take pictures and notes and start measuring the home. Before I knew it, he was done and I was still talking to our client. I read over all his notes and checked his report before he sent it out.

Mr. Morris admitted some of the inaccuracies in his appraisal report of the Golddust Drive property and challenged others.

5. The Board appointed contract investigator Linda S. Beatty, a certified general appraiser, to investigate the complaint. Ms. Beatty reviewed Mr. and Mrs. Sellers' complaint, Mr. Morris' response, the appraisal report, and Mr. Morris' workfile and verified the accuracy of the subject data and sales information referenced in the report with the Multiple Listing Service ("MLS") and public records. Ms.

Beatty also researched additional improved sales information within the subject's market area for the 12 months preceding Mr. Morris' appraisal report.

6. Based on her review and investigation, on December 4, 2008, Ms. Beatty issued a report of her investigation, which opined that Mr. Morris had violated certain Standard Rules ("SRs") of the July 1, 2006 edition of the Uniform Standards of Professional Appraisal Practice ("USPAP").

7. Based on Ms. Beatty's report, the Board referred Complaint No. 2487 to the Office of Administrative Hearings ("OAH"), an independent state agency, for the scheduling of a fair hearing. OAH assigned the case no. 08F-2487-BOA.

8. On January 30, 2009, the Board issued a Complaint and Notice of Public Hearing in Case No. 08F-2487-BOA. The Complaint and Notice of Public Hearing charged Mr. Morris with violations of USPAP, 2006 edition, SR 1-1(c), SR 1-2(h), SR 2-2(b)(vii), Scope of Work Rule (Acceptability), and A.R.S. § 32-3635.

9. On February 13, 2009, the Board received Mr. Morris' written answer to the Complaint and Notice of Public Hearing in Case No. 08F-2487-BOA. Mr. Morris again stated that Mr. Kawczynski had inspected and measured the interior of the residence while Mr. Morris was on an important telephone call in his vehicle, parked in front of the residence. Mr. Morris also added the following:

I watched him take pictures and notes and start measuring the home. Before I knew it, he was done and I was still talking to our client. I read over all his notes and looked over the pictures taken before we left. I know I was supposed to inspect the entire home myself, but, I was not trying to purposely lie or mislead anyone. Also, the reason I didn't list his name originally in the report was due to the fact that I was not training him. I had just forgotten to list him as a significant contributor. I know that there is no excuse for my lack of education [or] training and what had happened. It was just a misunderstanding, on my part, of U.S.P.A.P.

The other deficiencies were incorrect and were overlooked. I admit that I rushed through and didn't check over the report thoroughly enough and signed the report. I know I certified that I performed a complete visual inspection of the interior and exterior areas of the property, but, it was not meant to mislead anyone. It was just a one time deal to see if Anthony K. wanted to still be in the business, even though he had completed all of his training hours at that time.

Case No. 09F-2763-BOA

10. The Board's application review committee recommended that the Board open Complaint No. 2763 after Mr. Morris submitted two appraisal reports in support of his application for licensure as a certified residential appraisal that were virtually identical to reports submitted by Bobby O. Hibbitts in support of Mr. Hibbitts' application for licensure as a certified residential appraiser. Mr. Morris did not acknowledge Mr. Hibbitts' assistance in the reports he submitted to the Board.

11. On December 10, 2008, the Board informed Mr. Morris that it had opened Complaint No. 2763 and requested his response.

12. On January 12, 2009, the Board received Mr. Morris' response to Complaint No. 2763, in relevant part as follows:

[T]he reason for not identifying Bobby O. Hibbitts in my licensure application was because of the original lender. At the time of the original appraisal, the lender requested the removal of the trainees [sic] name from the report. This was overlooked when I had submitted the report for my certification licensing. It was then brought to my attention that it was missing when Bobby O. Hibbitts had applied. It was in no way meant to try and deceive the board or the review committee, just a mistake that was overlooked.

I have been appraising since February 2003, licensed since August 2005, Certified since October 2008, and the last USPAP classes that I took were on 02/29/2007 (7-hour) and 11/12-14/2007 (15 hour).

13. The Board referred Case No. 2763 to OAH, which designated it Case No. 09F-2763-BOA, and moved to continue the hearing in Case No. 08F-2487-BOA to allow the two cases to be consolidated for hearing. Mr. Morris did not oppose the Board's motion and the Administrative Law Judge set a continued hearing.

14. On April 1, 2009, the Board issued a First Amended Complaint and Notice of Public Hearing in Consolidated Case Nos. 08F-2487-BOA and 09F-2763-BOA. In addition to the charged violations in Case No. 08F-2487-BOA, the Board charged Mr. Morris with violating 2006 USPAP SR 2-2(b)(vii), Standards Ethics Rule—Conduct, and A.R.S. § 32-3631(A)(1) and (5) in Case No. 09F-2763-BOA.

15. A hearing was held in the consolidated cases on June 2, 2009. The Board presented the testimony of Executive Director Deborah G. Pearson and contract investigator Ms. Beatty and submitted fifteen exhibits. Mr. Morris testified on his own behalf, presented the testimony of Thomas Canale, and submitted one exhibit.

ADDITIONAL HEARING EVIDENCE

Ms. Pearson

16. Ms. Pearson testified that the Board oversees approximately 2,800 licensed or certified residential and general appraisers, consisting of the following three classifications: (1) Approximately 700 state licensed real estate appraisers, who can perform an appraisal or an appraisal review of noncomplex one-to-four unit residential real properties having a value of less than \$1 million or complex one-to-four unit residential properties having a value of less than \$250,000; (2) Approximately 1,200 state certified residential real estate appraisers, who can perform an appraisal or appraisal review of one-to-four unit residential properties, without regard to complexity or value; and (3) Approximately 900 state certified general real estate appraisers, who can perform appraisals and appraisal reviews of all types of real property.

17. Ms. Pearson testified trainee appraisers are not regulated. However, supervising appraisers are required by A.A.C. R4-46-201(F)(4) to "provide to the Board in writing the name and address of each trainee within 10 days of engagement" A.A.C. R4-46-101 defines "supervising appraiser" as a state licensed or certified appraiser with a minimum of four years of experience "who engages in direct supervision of a trainee" The effective date of these regulations was January 1, 2007.

18. Ms. Pearson testified that Mr. Morris had not provided Mr. Kawczynski's name to the Board as his trainee. Even if Mr. Morris had provided a trainee's name, because Mr. Morris did not have four years of experience in September 2007, when Mr. Morris responded to the complaint about his appraisal report of the Golddust property, he did not qualify as a supervising appraiser and the Board would have so informed him.

19. Ms. Pearson testified that Mr. Canale was a supervising appraiser, but not for Mr. Kawczynski. Mr. Canale had submitted Mr. Hibbitts name to the Board as his trainee. Mr. Kawczynski had never been listed with the Board as anyone's trainee and had never been issued a license.

20. Ms. Pearson testified that the Board had provided numerous notifications to the regulated community of licensed appraisers about the adoption of the regulations that set forth the qualifications of a supervising appraiser, required a supervising appraiser to notify the Board of engagement of trainees, and required supervising appraisers to directly supervise trainees.

21. Ms. Pearson testified that the Board also published Frequently Asked Questions ("FAQs") about the requirements to be a supervising appraiser of a trainee appraiser on the Board's website.

22. Ms. Pearson testified that license applicants submit logs of appraisals that they have prepared or that they have helped prepare. The Board uses the log to select appraisal reports for inspection and determination of whether the reports are USPAP compliant. The Board noticed that the logs submitted by Mr. Morris and Mr. Hibbitts contained appraisal reports of the same properties. Both Mr. Morris and Mr. Canale had signed Mr. Hibbitts' logs as supervising appraisers.

23. The two properties for which both Mr. Morris and Mr. Hibbitts had submitted reports to the Board were on 441 N. Williams in Mesa, Arizona ("Williams' property") and 8311 West Sandy Lane in Arizona City, Arizona ("Sandy Lane property"). The address, effective dates in May and June of 2007, conclusions of value, and most of the contents of the reports were identical.

24. The report for the Williams property that Mr. Hibbitts submitted to the Board noted that "Bobby O. Hibbitts has significantly contributed to this file. This includes subject and comparable sales research and physical inspections of all sales comparison approach and general data input."

25. The report for the Williams property that Mr. Morris submitted to the Board included no such notation or acknowledgement of Mr. Hibbitts' assistance in preparing the report.

26. The report for the Sandy Lane property that Mr. Hibbitts submitted to the Board noted that "Bobby O. Hibbitts has significantly contributed to this file. This includes subject and comparable sales research and physical inspections of all, sales comparison approach and general data input."

27. The report for the Sandy Lane property that Mr. Morris submitted to the Board included no such notation or acknowledgement of Mr. Hibbitts' assistance in preparing the report.

28. Mr. Morris' signature appears on all four reports.

29. On July 21, 2005, the Board adopted Substantive Policy Statement #1, which under A.A.C. R4-46-301 set forth five levels of violations based on escalating levels seriousness and severity of penalty, ranging from nondisciplinary letters of concern to license revocation.

30. Ms. Pearson testified that the Board classified Mr. Morris' violations in his appraisal reports of the Golddust Drive, Williams, and Sandy Lane properties as Level V violations, which were "significant violations found. Willful disregard of USPAP, A.R.S. or A.A.C. found." The appropriate resolutions for Level V violations were a consent agreement, order of probation with education, mentorship and/or practice restrictions, suspension, or revocation.

31. Ms. Pearson testified that, in Mr. Morris' cases, the Board sought revocation.

Ms. Beatty

32. Ms. Beatty has been an appraiser in Arizona for 22 years. She has been a certified general appraiser since licensure began, in 1990. She has been self-employed since 1996 and has worked as a contract investigator for the Board "on and off" since 2000.

Case No. 08F-2487-BOA

33. Ms. Beatty testified that, on the effective date of Mr. Morris' appraisal report of the Golddust Drive property, July 30, 2007, he was a licensed residential appraiser.
34. In the "Neighborhood" section of Mr. Morris' report of the Golddust Drive property, both the "urban" and "suburban" boxes were checked. Ms. Beatty testified that a neighborhood could only be one or the other; the information in Mr. Morris' report was contradictory and erroneous.
35. Mr. Morris also checked the box indicating that the neighborhood was 25-75% built-up on the report for the Golddust Drive property. The percentages of "Present Land Use" for one-unit, 2-4 unit, multi-family, commercial, and other development on the report totaled 100%. Ms. Beatty testified that the two percentages in different areas of the report were also contradictory and erroneous.
36. Mr. Morris also described neighborhood trends as "stable," the housing demand/supply as "in balance," and the marketing time as "3-6 mths." in his report of the Golddust Drive Property. In the sales comparison approach, Mr. Morris stated that there were 37 active listings of comparable properties, but only 14 sales of comparable properties in the past 12 months. Ms. Beatty testified that the numbers in the sales comparison approach indicated a 2.6 year supply of properties on the market, which would indicate an oversupply of properties, not a balance.
37. Mr. Morris provided the zoning classification of "S.F.R." for the Golddust Drive property. Ms. Beatty testified that there is no "Single Family Residential" zoning classification and that the subject property was zoned R1-54, which is single-family with a minimum lot size of 1.25 acres.
38. For the "Improvements" section of the report on the Golddust Drive property, Mr. Morris' report checked the boxes for both attached and detached. This was contradictory.
39. Under the "Exterior Description" of the Golddust Drive property, Mr. Morris' report indicated "gutters & downspouts." Ms. Beatty testified that the owners of the property, Mr. and Mrs. Sellers, had told her that it did not have gutters and downspouts.
40. Mr. Morris' "Exterior Description" of the Golddust Drive property also indicated that it had a block wall. Ms. Beatty testified that the homeowners had told her it had a split-rail fence. A split-rail fence appeared in a photograph of the subject's pool.
41. On the "Site" section for the Golddust Drive property report, Mr. Morris had checked "no" as to whether the property as located in a "FEMA Special Flood Hazard Area." Ms. Beatty testified that, according to the FEMA's website, which information had been available at the time that Mr. Morris had prepared the report, the property was located in a FEMA flood hazard area. Flood insurance would be required. Mr. Morris should have checked "yes."
42. Mr. Morris reported that the range of comparable listing prices for the Golddust Drive property was \$569,900 to \$110,000. Ms. Beatty testified that Mr. Morris meant \$1.1 million but did not correct the typographical error in his report.
43. In comparable sales approach for the Golddust Drive property, Mr. Morris described both the subject and Comparable Sale #1 as multi-storied and Comparables #2 and #3 as "ranch." But in the summary, Mr. Morris stated that, "[w]hile comparable 1 is slightly dated it is the only available comparable that is one story." Ms. Beatty pointed out that this was another example of contradictory and incorrect information.
44. Ms. Beatty testified that these errors or series of errors in Mr. Beatty's report for the Golddust Drive property indicated carelessness or negligence, which affected the credibility of the report, in violation of USPAP SR 1-1(c).

45. In addition, the comparable sales used in Mr. Morris' report for the Golddust Drive property were all located outside the subdivision in which the subject was located. Ms. Beatty reported that "[a] summary of sales activity within the subject development provided by MLS indicates the average sales price in the area is \$407,441 and that the highest sale to date is \$550,000." Mr. Morris' estimate of value for the subject was \$620,000.

46. Ms. Beatty testified that she had not been asked to perform a review appraisal of Mr. Morris' report or to render an opinion of value. However, comparable sales from outside a subdivision are not generally used unless the subject is atypical in some respect. Mr. Morris did not include any explanation in his appraisal report of the Golddust Drive property of his selection of comparable sales outside the subject's subdivision.

47. In the "Additional Comments" section to the comparable sales approach, Mr. Morris stated that "[t]he livable size for the subject and the comparables may be different tha[n] the size indicated by the builder and/or the county assessor," but that "[t]he size I have used for the purposes of this report are from my actual drawing of the subject property." Ms. Beatty testified that, because Mr. Morris had admitted that Mr. Kawczynski, not Mr. Morris, had measured the building, this statement was false.

48. Ms. Beatty testified that USPAP SR 2-2(b)(vii) requires an appraiser to "summarize the scope of work used to develop the appraisal." Mr. Morris' false statement about the scope of work that he actually performed was misleading.

49. Ms. Beatty testified that, in the report, Mr. Morris signed the report and certified that he had "[p]erformed a complete visual inspection of the interior and exterior areas of the subject property." Mr. Morris admitted that this certification was not true.

50. Ms. Beatty testified that USPAP SR 2-3 required the certification and that Mr. Morris' false certification violated that USPAP requirement. If Mr. Morris had remained in his truck while Mr. Kawczynski took measurements and inspected the interior of the residence, Mr. Kawczynski had provided significant assistance, which was required to be included in the report.

51. Ms. Beatty testified that, typically, an appraiser notes significant assistance provided by others in the "Additional Comments" section of the appraisal report.

52. Ms. Beatty testified that the "Scope of Work" section of the Uniform Residential Appraisal Report form that Mr. Morris had used for the Golddust Drive property required that "[t]he appraiser must, at a minimum . . . perform a complete visual inspection of the interior and exterior areas of the subject property" Mr. Morris had not done this.

53. Ms. Beatty testified that Mr. Morris did not perform the scope of work described in his appraisal report. USPAP SR 1-1(h) requires an appraiser, in developing a real property appraisal, to "determine the scope of work necessary to produce credible assignment results in accordance with the SCOPE OF WORK RULE." USPAP SR 2-2(b)(vii) requires that "[t]he content of a Summary Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum, . . . [must] summarize the scope of work used to develop the appraisal"

Case No. 09F-2763-BOA

54. With respect to the Board's complaint in Case No. 2763, Ms. Beatty testified that USPAP requires a person who provides significant professional assistance to be identified in the report. It appeared that Mr. Hibbitts had provided significant assistance, but Mr. Morris had failed to identify Mr. Hibbitts on the reports for the Williams and the Sandy Lane properties.

55. Ms. Beatty estimated that she had performed 5,000 appraisals in her 22 years as a professional appraiser. No lender had ever asked her to remove the name of a person who had provided significant

professional assistance from her appraisal report. If a lender had ever made such a request, Ms. Beatty testified that she would have refused and informed the lender that USPAP required such information in the report. A client cannot require an appraiser to violate USPAP.

Mr. Canale

Case No. 08F-2487-BOA

56. Mr. Canale testified that, for two years, he had acted as supervising appraiser for Mr. Kawczynski. When the real estate market crashed, Mr. Kawczynski decided to go to nursing school but was still considering a career as a real estate appraiser. Mr. Kawczynski had more than 1500 hours logged performing home inspections and doing research. On the day in question, Mr. Kawczynski had a day off from nursing school and requested a ride-along to keep his skills fresh. Mr. Canale testified that he was not going to be in town and asked Mr. Morris whether he would take Mr. Kawczynski to his inspection of the Golddust Drive property.

57. Mr. Canale testified that he did not notify the Board of his engagement of Mr. Kawczynski as a trainee because such notification was not required at the time.

58. Mr. Canale testified that Mr. Kawczynski was knowledgeable about appraisal practices and could provide credible information.

59. Mr. Canale testified that, at the time Mr. Morris appraised the Golddust Drive property, he was working for Mr. Canale's company, 2 Day Appraisal, Inc. ("2 Day"). Mr. Canale testified that, three or four weeks after Mr. Morris' and Mr. Kawczynski's inspection of the property, the homeowners called Mr. Canale because they were upset that Mr. Morris' value was too low. They demanded that the report be revised. When Mr. Canale refused, the homeowners filed suit against him in small claims court. Mr. Canale testified that the homeowners' lawsuit had been "thrown out."

60. Mr. Canale testified that he has known Mr. Morris since high school. Mr. Canale had trained Mr. Morris to become a licensed appraiser. Mr. Canale described Mr. Morris as "an upstanding citizen in the Payson area." Mr. Canale has never known Mr. Morris to do anything negligent or fraudulent. There was no benefit to Mr. Morris or to 2 Day in the three reports at issue, other than the appraisal fee.

61. Mr. Canale testified that he has never performed a residential appraisal inspection based on photographs taken of the interior of the subject by another. He testified that he has used photographs of the interior of comparable sales taken from the MLS or other sources because he usually does not have access to the interior of comparable sales.

62. Mr. Canale testified that, if he were retained to render a drive-by appraisal of a property that a colleague had appraised two months earlier, he would use the interior photographs taken by the colleague. However, he would identify the extraordinary assumption that the interior of the subject property was in the same condition as at the time that his colleague had taken the photographs.

Mr. Morris

Case No. 08F-2487-BOA

63. Mr. Morris submitted an excerpt from USPAP Q&A dated May 2007 published by the Appraisal Foundation. The communication stated that it "does not establish new standards or interpret existing standards."

64. In discussing "significant appraisal assistance," the USPAP Q&A provided in relevant part as follows:

USPAP does not include a definition of significant appraisal assistance. However, aspects of this phrase can be explored to clarify its meaning.

....
[T]he reference to “appraisal assistance” means that the contribution is related to the appraisal process or requires appraiser competency. One misconception is that non-appraisers who provide assistance should be identified in the certification. This is incorrect because the certification requirements in USPAP apply only to appraisers. Thus, only appraisers sign the certification or are identified as providing significant appraisal assistance. For example, the use of an environmental expert to determine wetland boundaries would not be considered significant real property appraisal assistance.

Examples of contributions made by appraisers that constitute significant real property appraisal assistance include **the identification of comparable properties** and date, **inspection of the subject property** and comparables, estimating accrued depreciation, or forecasting income and expenses.

[Emphases added.]

65. Mr. Morris also submitted an expert from a 2006 Advisory Opinion from the Appraisal Foundation on the “Responsibility of Principal Appraisers and Competence of Assistants,” in relevant part as follows:

As in other professions, the principal appraiser is responsible for closely supervising the work of assistants, for the training and development of assistants, and for exercising judgment as to the level of work the assistant is capable of and competent to perform. . . .

....
As proficiency is demonstrated by an assistant, it is appropriate for the principal appraiser to place greater reliance on the work of that assistant. In the context of a real property appraisal assignment, an assistant who has meaningful appraisal education and extensive work experience may well be competent to inspect the real estate and prepare the appraisal report alone, subject to an appropriate final reconciliation by the principal appraiser who will be signing or cosigning the certification in the report. In this situation, the assistant’s contribution is both significant and professional. The appropriate final reconciliation should include a discussion of which aspects of the appraisal process were performed by the assistant and the principal appraiser.

If the principal appraiser signs the certification alone, the contribution of the assistant must be acknowledged ([SR] 2-3, 6-9, 8-3, or 10-3), and the specific tasks performed by the assistant should be clearly stated as part of the scope of work disclosure required in [SR] 2-2(a)(vii), (b)(vii) In no circumstances is it appropriate for the principal appraiser to merely sign the certification in an appraisal report prepared by an assistant.

66. Mr. Morris also submitted an excerpt from a 2006 Advisory Opinion from the Appraisal Foundation on the purpose and minimum level of an inspection of subject property. Regarding the purpose of an inspection, the opinion notes that, “[w]hile there are other ways to gather such information [about the characteristics of a property that are relevant to its value], in many cases personal observations of the appraiser are the primary source of information regarding the subject

property.” The Advisory opinion notes that, “[t]he appraiser’s inspection commonly is limited to those things readily observable without the use of special testing equipment.” The Advisory Opinion states further:

There are many circumstances that influence the extent of the appraiser’s property inspection. In some assignments, the client may request that the appraiser perform an exterior-only inspection from the street or perform no inspection of the subject property (i.e. a “desktop appraisal”). There are situations where inspection of the subject property is not possible; for example, if the improvements have been destroyed, removed, or not yet built. In other cases the appraiser is denied access to the property.

The appraiser must ensure that the degree of inspection is adequate to develop a credible appraisal. An appraiser cannot develop a credible appraisal if adequate information about the relevant characteristics of the subject property is not available.

When adequate information about relevant characteristics is not available through a personal inspection or from sources the appraiser believes are reliable, an appraiser must withdraw from the assignment

Disclosure Requirements

Appraisal reports for real and personal property must contain a signed certification indicating ***whether the appraiser has or has not personally inspected the subject property***. All appraisal reports must also contain sufficient information to enable the intended users to understand the extent of the inspection that was performed.

Because of the infinite variability of inspections, it is important that the appraisal report clearly communicates the degree of the inspection in order for the report to be meaningful.

[Emphases added.]

67. Mr. Morris also submitted three letters of commendation: (1) A letter dated May 29, 2009 from Tara K. Keeney, President of Lenders for Life Home Mortgage in Payson, who praised “Mr. Morris’ attention to detail and the accuracy of his work,” as well as his honesty, professionalism, and professional ethics; (2) An undated letter from Ryan Rippey at Home Equity Mortgage, who praised Mr. Morris’ “conduct [of] excellent business matters year after year; and (3) An undated letter from Mr. Kawczynski, which stated that, on July 30, 2007, he had worked for Mr. Canale for more than two years as an apprentice and that the appraisal was “rather uncomplicated as the home was quite standard for the area” and “well within [his] competency level.”

68. Mr. Morris testified that, when he inspected the Golddust Drive property, he understood USPAP to allow Mr. Kawczynski to inspect the interior and to measure the residence on the interior and rear exterior. Mr. Morris testified that Mr. Kawczynski had taken photographs and, in the driveway, before they left the home, Mr. Morris had examined the photographs and measurements.

69. Mr. Morris testified that USPAP does not require that appraisers be physically present to inspect a property. Mr. Canale testified that appraisers sometimes do driveby appraisals. The only mistake that Mr. Morris admitted to having made was not disclosing an extraordinary assumption.

70. Mr. Morris testified that he did not think at the time that USPAP required the disclosure of Mr. Kawczynski’s name or professional assistance.

71. Mr. Morris admitted that the appraisal report of the Golddust Drive property contained many errors. He explained that, at the time, he had many appraisals going out. He admitted being at fault for not "double- and triple-checking the report." Mr. Morris testified that he now triple-checks every report that goes out.

72. Mr. Morris pointed to a photograph of the rear of the Golddust Drive property, which showed two horizontal scuppers coming out either end of a one-story flat roof over a patio. Mr. Morris called these scuppers downspouts.

73. Mr. Morris testified that he misinterpreted the requirements of a "visual inspection." He thought that it would be alright to view photographs taken by another. In the future, he will disclose help provided by others. The ride-along with Mr. Kawczynski was a "one-time thing." He should have gone into the Golddust Drive property, but he did not mean to harm anyone or to be misleading.

Case No. 09F-2763-BOA

74. Mr. Morris testified that, when he turned in the reports for his certification, he pulled the reports off his computer. The lender had asked him to remove Mr. Hibbitts' name. He had performed most of the work and simply had not reinserted Mr. Hibbitts' name. Mr. Morris testified that he was still "wet behind the ears" when he submitted the reports.

75. On cross-examination, Mr. Morris admitted that there were two lenders involved in the two properties. The lender Lenox Financial Mortgage had asked him to remove Mr. Hibbitts' name from the appraisal report for the Williams property. The lender Integrity Lending had asked him to remove Mr. Hibbitts' name from the appraisal report for the Sandy Lane property.

Myra Jefferson seconded the motion. The Board voted 5-1 in favor of the motion. Cynthia Henry voted no. James Heaslet moved that the Board adopt Conclusions of Law 1-14 of the Administrative Law Judge, to read as follows:

CONCLUSIONS OF LAW

1. This matter lies within the Board's jurisdiction.²
2. The Board bears the burden of proof and must establish cause to penalize Mr. Morris' certified residential appraiser certificate by a preponderance of the evidence.³
3. "A preponderance of the evidence is such proof as convinces the trier of fact that the contention is more probably true than not."⁴ A preponderance of the evidence is "[t]he greater weight of the evidence, not necessarily established by the greater number of witnesses testifying to a fact but by evidence that has the most convincing force; superior evidentiary weight that, though not sufficient to free the mind wholly from all reasonable doubt, is still sufficient to incline a fair and impartial mind to one side of the issue rather than the other."⁵
4. The Arizona legislature created the Board to prescribe and enforce standards of professional appraisal practice.⁶ The Arizona legislature charged the Board with investigating complaints against

²See A.R.S. § 32-3601 *et seq.*

³ See A.R.S. § 41-1092.07(G)(2); A.A.C. R2-19-119; *see also Vazanno v. Superior Court*, 74 Ariz. 369, 372, 249 P.2d 837 (1952).

⁴ Morris K. Udall, ARIZONA LAW OF EVIDENCE § 5 (1960).

⁵ BLACK'S LAW DICTIONARY at page 1220 (8th ed. 1999).

⁶ A.R.S. § 32-3605(B)(1).

licensed appraisers and, if violations of applicable statute, regulation, or standard are established, disciplining appraisers' licenses.⁷

5. Certified and licensed appraisers' appraisals in Arizona must comply with USPAP.⁸

6. The most basic requirement for an appraisal is that it must be competently, independently, and impartially performed and set forth an unbiased opinion of value supported by analyses that comply with USPAP's requirements.⁹

7. Mr. Morris did not dispute the numerous errors in his appraisal report of the Golddust Drive property, with the exception of the purported downspouts.

8. Mr. Morris' own exhibits established that, if an appraiser is able to personally visually inspect a property, USPAP requires him to do so. If he certifies that he has visually inspected the interior of a property, USPAP requires him to have done so.

9. Mr. Morris' own exhibits established that he should have acknowledged and detailed Mr. Kawczynski's and Mr. Hibbitts' significant professional assistance on, respectively, the appraisal reports for the Golddust Drive, Williams, and Sandy Lane properties.

10. Ms. Pearson's testimony established that Mr. Morris was not qualified to act as supervisor for Mr. Kawczynski or Mr. Hibbitts because he lacked the requisite experience and had not notified the Board of his engagement of these trainees.

11. The Board therefore has established in Case No. 08F-2487-BOA that Mr. Morris violated the following provisions of USPAP, 2006 edition: SR 1-1(c); SR 1-2(h); SR 2-2(b)(vii); Scope of Work Rule (Acceptability)¹⁰; and A.R.S. § 32-3635.¹¹

12. Mr. Morris' testimony that he removed Mr. Hibbitts' name from the appraisal reports for the Williams and the Sandy Lane properties at the request of Lenox Financial Mortgage and Integrity Lending is not credible. Rather, it appears he removed Mr. Hibbitts' name because he did not generally acknowledge significant professional assistance from trainees that he was not qualified to supervise.

13. The Board therefore has also established in Case No. 09F-2763-BOA that Mr. Morris violated the following provisions of USPAP, 2006 edition: SR 2-2(b)(vii); Standards Ethics Rule—Conduct¹²; and A.R.S. § 32-2631(A)(1) and (5).¹³

⁷ A.R.S. § 32-3631(A)(2) and (6); see also A.A.C. R4-46-301 (concerning complaints and investigations) and R4-46-302 (concerning formal hearing procedures, investigations, and penalties).

⁸ A.A.C. R4-46-401.

⁹ A.R.S. § 32-3601(1) and (2).

¹⁰ This Scope of Work Rule requires that "[t]he scope of work must include the research and analyses that are necessary to develop credible assignment results."

¹¹ This statute requires a state licensed or state certified appraiser to comply with the standards of professional appraisal practice adopted by the Board.

¹² This Ethics Rule requires that "[a]n appraiser must perform assignments ethically and competently, in accordance with USPAP"

¹³ These statutory subsections allow the Board to revoke, suspend, or otherwise discipline an appraiser's license or certificate if the holder of the license or certificate committed any fraud or misrepresentation in the procurement of the license or committed any act "involving dishonesty, fraud, misrepresentation with the intent to substantially benefit the license or certificate holder"

14. With respect to the penalty, Mr. Morris had been working as a licensed residential appraiser for at least two years when the violations at issue occurred. Although he admitted some fault at the hearing, he also espoused interpretations of USPAP that were not supported by his own exhibits and that defied common sense and understanding. In light of the sheer volume of errors, especially in Case No. 08F-2487-BOA, Mr. Morris has not established any factors in mitigation or that he can be professionally rehabilitated.

Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion. Debbie Rudd moved that the Board accept the Administrative Law Judge's recommended Order of Revocation as modified to include the Board's standard revocation language. James Heaslet seconded the motion. The Board voted 2-4 against the motion upon the following roll call vote: Victor Hartsfield—no; James Heaslet—yes; Cynthia Henry—no; Myra Jefferson—no; Michael Marquess—no; Debbie Rudd—yes. Michael Marquess moved that the Board modify the Administrative Law Judge's recommended order based on the Board's determination that the Findings of Fact and Conclusions of Law do not rise to the level of findings of fact and conclusions of law of prior complaints where orders of revocation were issued and that the Board adopt an Order of Suspension to read as follows:

ORDER OF SUSPENSION

In issuing this order of discipline, the Board considers its obligations to fairly and consistently administer discipline, its burden to protect the public welfare and safety, as well as all aggravating and mitigating factors presented in the case. Based on the foregoing Findings of Fact and Conclusions of Law, **IT IS HEREBY ORDERED:**

1. Respondent Nathan G. Morris's Certified Residential Appraiser Certificate No. 22034 shall be placed on suspension for a period of six (6) months beginning on the effective date of this Order. During the period of suspension, the Respondent shall not issue a verbal or written appraisal, appraisal review or consulting assignment involving real property in the State of Arizona.
2. Respondent shall successfully complete the following education within six (6) months of the effective date of this Order: not less than fifteen (15) hours of basic appraisal to include successful completion of an examination. The education required under this paragraph may not be counted toward continuing education requirements or for the renewal of Respondent's certificate. Proof of completion of the required education must be submitted to the Board within ten (10) days of completion of the required education. Respondent shall bear all costs and expenses incurred in obtaining the education.

RIGHT TO PETITION FOR REHEARING OR REVIEW

Respondent is hereby notified that he has the right to petition for a rehearing or review. Pursuant to A.R.S. § 41-1092.09, as amended, the petition for rehearing or review must be filed with the Board's Executive Director within thirty (30) days after service of this Order and pursuant to A.A.C. R4-46-303, it must set forth legally sufficient reasons for granting a rehearing or review. Service of this order is effective five days after mailing. If a motion for rehearing or review is not filed, the Board's Order becomes effective thirty-five (35) days after it is mailed to Respondent.

Respondent is further notified that the filing of a motion for rehearing or review is required to preserve any rights of appeal to the Superior Court.

Cynthia Henry seconded the motion. The Board voted 3-2 in favor of the motion upon the following roll call vote: Victor Hartsfield—yes; James Heaslet—no; Cynthia Henry—yes; Myra Jefferson—abstain; Michael Marquess—yes; Debbie Rudd—no. The Board noted that 2487 was under 12-month file review.

Issues Dealing with Formal Hearings Concerning 2648, Julie D. Friess.

Respondent did not appear. Michael Marquess recused himself. Cynthia Henry moved that the Board invite Respondent to an informal hearing at Respondent's request. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Christopher Munns, Assistant Attorney General, Solicitor's General Office, left the meeting.

Review and Action Concerning 2434, Thomas M. Kittlemann.

Respondent did not appear. Michael Marquess moved that the Board approve Ann L. Susko, Certified Residential Appraiser #20002, to act as Respondent's mentor under the 7/16/08 Consent Agreement and Order. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2439/2520/2523, William A. Buehl.

Respondent did not appear. Michael Marquess moved that the Board refer the complaints to formal hearing before the Office of Administrative Hearings (OAH). Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion. The Board noted that the files were under 12-month file review.

Review and Action Concerning 2638/2740/2748, Anthony C. Pierson.

Respondent did not appear. Michael Marquess moved that because Respondent's 90-day grace period to renew had expired, the complaints be closed to be reopened and considered in the event Respondent reapplies. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2673, Calvin E. Walls/2674, Clinton E. Walls.

Respondents did not appear. Michael Marquess moved that the Board deny Respondents' request for second informal hearing. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion. James Heaslet moved that the Board grant Respondents an additional ten days to sign the proposed Consent Agreement and Order; and if not signed, the complaints be referred to formal hearing before the Office of Administrative Hearings (OAH). Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2683, Christine J. Kelsey-Gray.

Respondent did not appear. Michael Marquess moved that the Board approve Sandy Eisenstadt, Certified General Appraiser # 30499, to act as Respondent's mentor under the 2/9/09 Consent Agreement and Order. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2777 Edward A. Measel.

Respondent did not appear. Michael Marquess moved that the Board reject Respondent's counteroffer. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion. Michael Marquess moved that the Board grant Respondent an additional ten days to sign the proposed Consent Agreement and Order; and if not signed, the complaint be referred to formal hearing before the Office of Administrative Hearings (OAH). Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2813, Timothy R. Fortunato.

Respondent did not appear. Michael Marquess moved that the Respondent be invited to an informal hearing. Victor Hartsfield seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning Superior Court Case CV-06-4140 (03F-1782-BOA/03F-1784-BOA)/2492, Felicia M. Coplan.

Respondent did not appear. Jeanne Galvin updated the Board concerning the court proceedings relating to CV-06-4140 (03F-1782-BOA/03F-1784-BOA). The Board noted the 12-month file review concerning 2492.

Review and Action Concerning 2830, Bryan S. Speelman.

Respondent did not appear. Staff summary was read. James Heaslet moved that the complaint be referred to investigation. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2333, Dawna G. Khoudepaz.

Respondent did not appear. Staff summary was read. Michael Marquess moved that the complaint be referred to formal hearing before the Board. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2836, Jay A. Josephs/2837, Anthony L. Cardinal.

Respondents did not appear. Staff summary was read. Michael Marquess moved that the Board find Level II violations concerning 2836 and offer Respondent a nondisciplinary letter of remedial action citing the violations and providing for remedial education. James Heaslet seconded the motion. Board voted unanimously in favor of the motion. Michael Marquess moved that the Board find Level II violations concerning 2837 and offer Respondent a nondisciplinary letter of remedial action citing the violations and providing for remedial education. James Heaslet seconded the motion. Board voted unanimously in favor of the motion.

Michael Marquess acted as Chairperson.

Review and Action Concerning 2838, William L. Brennan.

Respondent appeared telephonically. Debbie Rudd recused herself. Staff summary was read. James Heaslet moved that the complaint be dismissed for lack of evidence (appraisal older than five years). Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion.

Debbie Rudd acted as Chairperson.

Review and Action Concerning 2840, Paul Kent Carlsen.

Respondent did not appear. Staff summary was read. Michael Marquess moved that the Board find no violations and the complaint be dismissed. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2841, Christian Feher.

Respondent did not appear. Staff summary was read. Michael Marquess moved that the Board find no violations and the complaint be dismissed. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2844, Sheri L. Farrell.

Respondent did not appear. Staff summary was read. Cynthia Henry moved that the complaint be tabled to allow Board members to examine the subpoenaed information. Victor Hartsfield seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2847, Jay K. Wolfson.

Respondent did not appear. Staff summary was read. Debbie Rudd moved that the Board invite Respondent to an informal hearing. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2848, Pedro D. Moret, Jr.

Respondent did not appear. Staff summary was read. James Heaslet moved that the Board find no violations and the complaint be dismissed. Michael Marquess seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2849, Ricilee Talbot.

Respondent did not appear. Staff summary was read. Debbie Rudd moved that the Board find Level II violations and offer Respondent a due diligence consent letter citing the violations and providing for disciplinary education. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2851, Thomas M. O'Neill.

Respondent did not appear. Staff summary was read. Debbie Rudd moved that the complaint be referred to investigation. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2856, Thomas A. Raynak.

Respondent did not appear. Staff summary was read. James Heaslet moved that the Board invite Respondent to an informal hearing. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2863, Burnell Q. Rowe.

Respondent did not appear. Staff summary was read. Debbie Rudd moved that the Board offer Respondent a Consent Agreement and Order of Surrender. Cynthia Henry seconded the motion. The Board voted unanimously in favor of the motion.

Review and Action Concerning 2542/2543/2544/2632, Rodney L. Martensen.

Respondent did not appear. The Board noted that the files were under 12-month file review.

Review and Action Concerning 2565/2630/2631, Paul R. Fournier.

Respondent did not appear. The Board noted that the files were under 12-month file review.

Review and Action Concerning 2586, Mark L. Andrews.

Respondent did not appear. The Board noted that the file was under 12-month file review.

Review and Action Concerning 2613/2629, Marc J. Seigleman.

Respondent did not appear. The Board noted that the files were under 12-month file review.

Review and Action Concerning 2639, Richard E. Lineberger.

Respondent did not appear. The Board noted that the file was under 12-month file review.

BOARD CHAIRPERSON REPORT

None.

EXECUTIVE DIRECTOR REPORT

Debb Pearson reported on the status of the Assistant Attorney General's assignments; advised the complaint answer dates that had been extended by staff; reported the following complaint statistics as of 6/30/09 for calendar years 2007, 2008, and 2009:

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Complaints received by Board	243	225	105		
Complaints heard by Board*				852	353
<u>OF THOSE COMPLAINTS:</u>					
Complaints dismissed	91	69	23	77	34
Complaints referred to investigation	94	69	16	76	24
Complaints resolved with nondisciplinary letter of concern	16	18	0	16	4
Complaints resolved with nondisciplinary letter of remedial action	19	31	1	28	11
Complaints resolved with disciplinary letter of due diligence	13	15	4	13	12
Complaints resolved with probation	69	22	5	66	27
Complaints referred to informal hearing	83	43	6	55	38
Complaints referred to formal hearing	52	21	3	53	28
Complaints resolved with suspension	16	2	1	31	9
Complaints resolved with surrender	5	5	0	6	3
Complaints resolved with revocation	8	0	1	2	10
Complaints resolved with cease and desist letters	6	1	1	4	2
<u>Violation Levels:</u>					
I	21	21	0	20	4
II	31	43	5	40	22
III	71	20	5	55	24
IV	9	2	0	5	2
V	17	5	1	27	15

Additional Information:

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Jurisdiction Expired & Complaints Closed	20	12	11	13
Denials of New Applications	7	7	5	1
Denials of Renewal Applications	4	1	0	1

*Complaints may appear on a Board agenda and be heard in more than one month in a calendar year.

reported on the status of the Governor's appointment of Board members; reported that the Governor had signed Arizona House Bill 2306, amending A.R.S. 41-1080, Licensing eligibility; authorized presence; documentation; applicability; definitions so that additional proof of citizenship would not be required for renewal applications if previously provided; and reported that Arizona House Bill 2645 (now Session Law), Section 31C created a one-year moratorium on rule making.

APPLICATION REVIEW COMMITTEE REPORT

Michael Marquess acted as Chairperson.

Debbie Rudd recused herself concerning certified residential application #7683, Debra C. Hume. James Heaslet moved that the Board reconsider its 6/18/09 recommendation from the Committee finding certified residential application #7683, Debra C. Hume, substantively incomplete. James Heaslet moved that the Board find certified residential application #7683, Debra C. Hume, substantively incomplete as of 6/18/09. Victor Hartsfield seconded the motion. The Board voted unanimously in favor of the motion. Michael Marquess moved that the Board find certified residential application #7683, Debra C. Hume, substantively complete. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Debbie Rudd acted as Chairperson and reported the following Arizona appraiser and property tax agent information as of July 15, 2009:

	<u>7/07</u>		<u>7/08</u>		<u>7/09</u>	
Licensed Residential	1137		978		760	
Certified Residential	1020		1182		1214	
Certified General	796		819		820	
Nonresident Temporary	30	Total 2983	37	Total 3014	44	Total 2838
Property Tax Agents	258		287		326	

Cynthia Henry moved that the Board accept the Committee's recommendations (see attachment). Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

APPRAISAL TESTING AND EDUCATION COMMITTEE REPORT

Michael Marquess moved that the Board accept the Committee's recommendations, except II.B.2.a. and II.B.3.a (see attachment). James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Myra Jefferson acted as Chairperson.

Michael Marquess moved that the Board approve Fair Value Accounting Implications for Appraisal Profession submitted by Arizona Appraisers State Conference LLC for three hours and Appraisal Management Companies—Laws Issues & Solutions submitted by Kinja LLC for three hours. Victor Hartsfield seconded the motion. Debbie Rudd recused herself. The Board voted unanimously in favor of the motion.

Debbie Rudd acted as Chairperson.

NEW BUSINESS

Discussion and Action Regarding Approval of Proposed Interagency Service Agreement (ISA) for Appraisal Board Legal Service for Fiscal Year 2010.

Michael Marquess moved that the Board approve the proposed Interagency Service Agreement (ISA) for Appraisal Board Legal Service for Fiscal Year 2010. Myra Jefferson seconded the motion. The Board voted unanimously in favor of the motion.

Discussion and Action Concerning Advertisement for "Comp Checks" by EZ Comp Check Real Estate.

Michael Marquess moved that that staff write EZ Comp Check Real Estate concerning "Comp Checks". James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

Discussion and Action Concerning Request from National Association of Mortgage Brokers (NAMB) for Support Regarding the Title/Appraisal Vendor Management Association (TAVMA).

Michael Marquess moved that the Board take no action. James Heaslet seconded the motion. The Board voted unanimously in favor of the motion.

CONFIRMATION OF MEETING DATES, TIMES, LOCATIONS AND PURPOSES

The upcoming Committee and Board meetings were confirmed as follows:

August

20	Application Review Committee	7:30 a.m.
20	Testing and Education Committee	8:00 a.m.
20	Board	10:00 a.m.

ADJOURNMENT

The meeting was adjourned.

/s/

Debra J. Rudd, Chairperson

**RECOMMENDATIONS
COMMITTEE ON APPLICATION REVIEW**

To: Board of Appraisal

From: Application Review Committee

Date: July 16, 2009

Re: July 16, 2009 Recommendations

I. Report on number of Arizona Appraisers and Property Tax Agents:

	<u>7/07</u>		<u>7/08</u>		<u>7/09</u>
Licensed Residential	1137		978		760
Certified Residential	1020		1182		1214
Certified General	796		818		820
Nonresident Temporary	30	Total 2983	37	Total 3014	44
Property Tax Agents	258		287		326
					Total 2838

II. As a result of its July 16, 2009 meeting the Application Review Committee makes the following recommendations:

A. To refer to the full Board approval of work product for Brian D. Frank, Certified General Applicant #7661, as USPAP compliant.

B. To approve the following applications as substantively complete:

1. Certified Residential by exam unless noted otherwise:

7683 Debra C. Hume (Debra Rudd recused)
7693 John T. Dingeman
7698 Glenn S. Bevilacqua (by reciprocity)
7700 Joshua D. Fowler
7701 Christopher N. Baird
7709 Matthew W. Hussey

2. Certified General by exam unless noted otherwise:

7648 Wade E. Graves (by reciprocity)
7704 Donald R. Kerr (by reciprocity)
7706 Louis W. Frillman (by reciprocity)

C. To approve the following applications as substantively complete and confirm the issuance of the following license/certification:

1. Reciprocity

12035 Michael J. Schuetz
31723 William M. Sanders
31724 Jay F. Booth
31725 Darrin W. Liddell
31726 Donna J. Cavallaro
31727 Steven P. Runyan
31728 Colin S. McVaugh

2. Nonresident Temporary

TP41147 Ernest P. Elzi, Jr.
TP41148 Jay S. Hedberg
TP41149 Martha G. Reid
TP41150 John A. Dalkowski

D. To disapprove the following applications as substantively incomplete and hold until substantively complete:

7692 Janet A. DeFrancesco
7699 Christopher M. Land
7712 Kevin S. Reach
7718 Brad E. Lyon (by reciprocity)
7719 David H. Fryday (by reciprocity)
7721 Mark D. Capasso (by reciprocity)

III. Applications Pending - Substantively Incomplete:

7555 Glen A. Gray, Jr.
7587 Keith T. Kavula (by reciprocity)
7686 Brian J. Curry (by reciprocity)

Notification of applicants with substantively incomplete applications who have not responded to the Committee's request for additional information. Pursuant to R4-46-202(D) applicants have up to a year to meet all requirements for license/certificate or applicant's file is to be closed by the Board and applicant shall reapply.

RECOMMENDATIONS

COMMITTEE ON APPRAISAL TESTING AND EDUCATION

TO: Board of Appraisal

FROM: Committee on Appraisal Testing and Education

DATE: July 16, 2009

RE: July 16, 2009 Recommendations

As a result of its July 16, 2009 meeting the Committee on Appraisal Testing and Education makes the following recommendations:

I. Action regarding proposed approval of qualifying education courses:

A. Previously approved by the Board:

1. Submitted by Appraisal Institute
 - a. **Online Residential Site Valuation and Cost Approach**, #ABA D0808-805-05 Distance Education 15 hours
*Arlen Mills
Recommend approval
2. Submitted by Arizona School of Real Estate & Business
 - a. **AP-11 General Appraiser Market Analysis and Highest and Best Use**, #ABA 0907-688-11 30 hours
*Tracey Captain, Earl Cass, Gasper Crimando, Neil Dauler-Phinney, Thomas Denny, Richard Fasano, Jacques Fournier, Bill Gray, Matt Hassett, Thomas Heineman, Kathleen Holmes, Faye Humphrey, Robert Kaczmarek, Kim Kobriger, Gretchen Koralewski, Jim Miller, Don Miner, Roy Morris, Thomas Morrison, Becky Ryan, Ron Schilling, Daniel D. Smith, Rick Turkian, Gerard Vick, John Wenner, David Ziegler
Recommend approval
 - b. **AP-12 General Appraiser Site Valuation and Cost Approach**, #ABA 0907-689-12 30 hours
*Frank Bell, Tracey Captain, Earl Cass, Gasper Crimando, Neil Dauler-Phinney, Richard Fasano, Jacques Fournier, Bill Gray, Matt Hassett, Thomas Heineman, Kathleen Holmes, Robert Kaczmarek, Kim Kobriger, Gretchen Koralewski, Jim Miller, Don Miner, Roy Morris, Thomas Morrison, Becky Ryan, Ron Schilling, Daniel D. Smith, Rick Turkian, Gerard Vick, David Ziegler
Recommend approval

- c. **AP-13 General Appraiser Sales Comparison Approach**, #ABA 0907-690-13 30 hours

*Tracey Captain, Earl Cass, Gasper Crimando, Neil Dauler-Phinney, Tom Denny, Richard Fasano, Jacques Fournier, Bill Gray, Matt Hassett, Thomas Heineman, Faye Humphrey, Kathleen Holmes, Robert Kaczmarek, Kim Kobriger, Gretchen Koralewski, Jim Miller, Don Miner, Roy Morris, Thomas Morrison, Becky Ryan, Ron Schilling, Daniel D. Smith, Rick Turkian, Gerard Vick, John Wenner, David Ziegler

Recommend approval

- 3. Submitted by McKissock LP

- a. **Residential Appraiser Site Valuation and Cost Approach**, #ABA D0906-572-05 Distance Education 15 hours

*Alan Simmons

Recommend approval

- b. **Basic Appraisal Procedures**, #ABA D0507-649-02 Distance Education 30 hours

*Alan Simmons

Recommend approval

- c. **Statistics, Modeling and Finance**, #ABA D1007-700-08 Distance Education 15 hours

*Alan Simmons

Recommend approval

II. Action regarding proposed approval of **continuing education courses**:

A. Previously approved by the Board:

- 1. Submitted by Acheson Appraisal Classes

- a. **FHA Update**, #ABA 0102-102 4 hours

*Ross Acheson, Daniel D. Smith

Recommend approval

- 2. Submitted by Appraisal Institute

- a. **Reviewing Residential Appraisal Reports**, #ABA 0905-476 7 hours

*Vincent Dowling

Recommend approval

- b. **Forecasting Revenue**, #ABA 0806-562 7 hours

*William Anglyn

Recommend approval

- c. **Commercial Appraisal Engagement & Review Seminar for Bankers and Appraisers**, #ABA 0808-809 7 hours

*Nikki Griffith

Recommend approval

- d. **Online Subdivision Valuation**, #ABA D0808-810 Distance Education 7 hours

*Don Emerson

Recommend approval

3. Submitted by Arizona School of Real Estate & Business
 - a. **Appraisal Licensing and Certification Review**, #ABA 0808-811 15 hours
*Tracey Captain, Tom Denny, Richard Fasano, Jacques Fournier, Bill Gray, Thomas Heineman, Robert Kaczmarek, Kim Kobriger, Gretchen Koralewski, Don Miner, Roy Morris, Thomas Morrison, Becky Ryan, Ron Schilling, Daniel D. Smith, Rick Turkian, Gerard Vick, Terry Zajac, David Ziegler
Recommend approval
 4. Submitted by American Society of Farm Managers & Rural Appraisers
 - a. **All Toppo Maps-General Software Training**, #ABA 1105-486 8 hours
*Mike Johnson
Recommend approval
 - b. **Computer Plotting Legal Descriptions for the Layman**, #ABA 0907-693 8 hours
*Mike Johnson
Recommend approval
 5. Submitted by Foundation of Real Estate Appraisers
 - a. **National Data Collective**, #ABA 1205-494 4 hours
*Ross Acheson
Recommend approval
 6. Submitted by McKissock LP
 - a. **Construction Details and Trends**, #ABA D0605-436 Distance Education 7 hours
*Alan Simmons
Recommend approval
 - b. **The Cost Approach**, #ABA D1206-602 Distance Education 7 hours
*Alan Simmons
Recommend approval
 - c. **REO and Foreclosures**, #ABA D0508-787 Distance Education 5 hours
*Andrew Leirer
Recommend approval
 7. Submitted by Trans-American Institute of Professional Studies, Inc.
 - a. **Residential Cost Approach**, #ABA 0306-520 7 hours
*Lynne Heiden, Ann Susko, Daniel D. Smith
Recommend approval
 - b. **FHA-Current Appraisal Requirements**, #ABA 0306-521 7 hours
*Lynne Heiden, Ann Susko, Daniel D. Smith
Recommend approval
- B. Not previously approved by the Board:**
1. Submitted by Appraisal Institute
 - a. **Introduction to Conservation Easement**, 7 hours
*Frank Harrison
Recommend approval

- b. **Online Advanced Internet Search Strategies**, 7 hours
Distance Education
*Jim Amarin
Recommend approval
 - c. **Online Data Verification Methods**, 5 hours
Distance Education
*Alan Simmons
Recommend approval
 - d. **Online An Introduction to Valuation of Green Commercial Buildings**, 7 hours
Distance Education
*Alan Simmons
Recommend approval
 - e. **Online Valuation of Green Residential Properties**, 7 hours
Distance Education
*Alan Simmons
Recommend approval
- 2. Submitted by Arizona Appraisers State Conference, LLC
 - a. **Fair Value Accounting Implications for Appraisal Profession**, 3 hours
*John W. Ross (Debra Rudd recused)
Recommend approval
 - 3. Submitted by Kinja LLC
 - a. **Appraisal Management Companies - Laws Issues & Solutions**, 3 hours
*Richard Hagar (Debra Rudd recused)
Recommend approval
 - 4. Submitted by McKissock, LP
 - a. **Fannie Mae Form 1004MC, HVCC & More!!!**, 7 hours
Distance Education
*Lore DeAstra
Recommend approval